# Transformation of Our Earnings Base | Efficiency

Epson considers transforming our earnings base to be a key to achieving sustainable growth and enhancing corporate value. In Phase 1, we will embark on a transition to capital efficiency–focused management, optimizing our fixed-cost structure through global operations reform to build a stronger earnings foundation capable of supporting future growth investments.

In recent years, the operating environment has undergone significant changes including increasingly complex social challenges, heightened geopolitical risks, rising raw materials and energy prices, and labor shortages. At the same time, advances in AI and digital technologies are accelerating the pace of change across industries and competitive landscapes. In this environment, sustainable success requires more than revenue growth alone. We believe it is essential to allocate limited management resources effectively and build a resilient earnings structure that can adapt to change.

To this end, Epson is driving a comprehensive global operations reform aimed at improving efficiency and strengthening competitiveness through a thorough review of its fixed-cost structure.

At corporate divisions and operations divisions, we are strengthening investment discipline through segment reviews and are concentrating resources in priority areas.

In manufacturing, we will build on our on the production site reorganization and role optimization that initiatives already underway to further streamline production operations and strengthen our supply capabilities. We will also reduce our fixed costs globally by reviewing indirect costs at our largest overseas plants.

In sales, we will optimize the workforce and consolidate back-office functions, and will work to build a more efficient operational structure. Moreover, through the standardization of IT infrastructure, we will drive global business standardization and improve operational efficiency.

We expect these actions to reduce fixed costs by a total of ¥26.0 billion over three years.

These initiatives are not simply about reducing costs. By optimizing our fixed-cost structure, we will free up management resources that can be reinvested in growth areas, technology development, and talent, thereby creating long-term value.

Through a management approach that balances operational efficiency with strategic growth investment, Epson is strengthening the foundation that supports value creation through by combining technology innovation and engineering as we aim to realize ENGINEERED FUTURE 2035.

■ Reduce fixed costs by transforming global operations

Amounts are 3-year totals

**Streamline fixed costs**
**¥26.0 billion**
(vs FY25)
3-year total

| | | |
|---|---|---|
| Head Office & operations divisions | Investment discipline through segment reorganization<br>¥10.0 billion reduction | Standardization of global IT infrastructure<br>¥2.0 billion reduction |
| Manufacturing | Consolidation & optimization of manufacturing sites<br>(completed in prior years)<br>17→14 sites (2020→2025) | Indirect costs at main overseas plants<br>¥4.0 billion reduction |
| Sales | Workforce optimization<br>(completed in prior years)<br>¥7.0 billion reduction | Back-office function consolidation<br>Europe → Latvia<br>US → Mexico, etc.<br>¥3.0 billion reduction |

**Optimize inventories**
**+0.5 times***
(vs. FY25)

| | | | |
|---|---|---|---|
| Supply chain management | Build a resilient supply system | Improve demand forecasting and supply planning | Improve manufacturing operations efficiency |

For details, see the next page

* Invested capital turnover

# Transformation of Our Earnings Base | Supply Chain Management

We will respond to changes in the external environment by transforming the supply chain and expanding the use of digital technologies, thereby enhancing quality and cost competitiveness.

**Build a resilient supply system**
- Optimize global production sites
- Organize a function to address economic security
- Establish a foundation that enables faster and more efficient regulatory compliance

**Improve demand forecasting and supply planning**
- Strengthen the connections between sales, production and procurement planning
- Expand the scope of data utilization
- Reinforce pipeline & customer management

**Improve manufacturing operations efficiency**
- Utilize data to increase efficiency
- Accelerate smart manufacturing
- Improve stability and yields in device production processes

**IT infrastructure**

Provide enterprise systems
Optimize global IT infrastructure
Strengthen governance
Use AI to manage quality
Maintain a robust IT environment

## Build a resilient supply system

Amid successive disruptions including the COVID-19 pandemic, natural disasters, and accidents, Seiko Epson has strengthened its supply system resilience. To build a more robust supply chain capable of addressing increasingly diverse risks, we have defined three guiding principles—distributed functions, securing of alternatives, and making production hardware robust—and have been reinforcing key initiatives across each function of the supply chain. Moreover, as geopolitical changes become the norm, we recognize the need to strengthen our responses in trade and regulatory areas and are enhancing our data infrastructure and management frameworks. By building infrastructure to enable faster and more efficient regulatory compliance, we will enhance our responsiveness to country-specific systems and our business continuity, thereby supporting sustainable growth. Through these efforts, we will achieve company-wide risk visualization and faster decision-making, establish a supply chain that is resilient to change, and enhance medium- to long-term competitiveness and social trust.

## Improve demand forecasting and supply planning

### ■ Strengthen the connections between sales, production and procurement planning

Seiko Epson is moving away from the conventional model of optimizing demand-supply planning, procurement, logistics, and inventory separately, and is shifting to a supply chain that is resilient to change and operated on short cycles, with data linked across departments. We will build mechanisms that link sales, production, and procurement in a timely manner to improve competitiveness.

### ■ Expand the scope of data utilization

We will centrally link information on market conditions, sales performance, demand forecasting, supply planning, parts procurement, manufacturing, and other areas in real time across all processes to improve planning accuracy and reduce excess inventory. We also aim to develop an analytical database and, leveraging AI and other tools, quickly output reports and alerts to enable rapid supply-and-demand adjustments.

### ■ Reinforce pipeline & customer management

With the objective of creating customer value, we will promote hybrid customer management that combines a direct approach with the utilization of distributors. We will accumulate and leverage customer data and insights obtained through direct approaches via CRM, plan optimal products and services, and realize reproducible value delivery and market expansion through distributors.

## Improve manufacturing operations efficiency

As uncertainty in the business environment increases under greater demand fluctuations, supply constraints, and heightened geopolitical risks, production operations must become more efficient and flexible, while still delivering both stable quality and supply. At the same time, although production sites are increasingly able to collect large volumes of data from equipment, these data have not been systematically utilized across all processes. As a result, improvement activities often remain fragmented and dependent on individual expertise. Going forward, we will utilize data to improve visibility, verify performance, and establish a cycle of continuous improvement, enabling sustained gains in manufacturing efficiency. Together with this, we will promote smarter production using AI and sensors and will establish a highly reproducible production system based on standardized processes. In device processes in particular, we will optimize process parameters and reduce variability to improve yields and stabilize quality, thereby enabling the sustained delivery of customer value supported by quality and cost competitiveness.

As part of its BCP response, Epson has built a multi-layer supply chain and established a globally resilient supply system. This has also enabled us to respond effectively to U.S. tariffs.
As geopolitical uncertainty becomes a structural feature of the global business environment, the ability to balance cost competitiveness with compliance, economic security requirements, and demand volatility will become increasingly important. Toward this end, we will develop a framework that enables us to predict and execute optimal operations based on region-specific strategies through the analysis of integrated data, thereby achieving both resilience and efficiency.

Akifumi Takei
Executive Officer
General Administrative Manager, Production Management Division

# Transformation of Our Earnings Base | Sales

Leveraging the strength of our global sales network, we have strengthened relationships with customers through attentive support and services provided by local staff, achieving sustainable growth. To achieve our Phase 1 Mid-Term Business Plan target of delivering a compound annual growth rate (CAGR) of 5% or more in revenue from emerging markets, we will further strengthen our global sales organization, which is one of our key strengths.

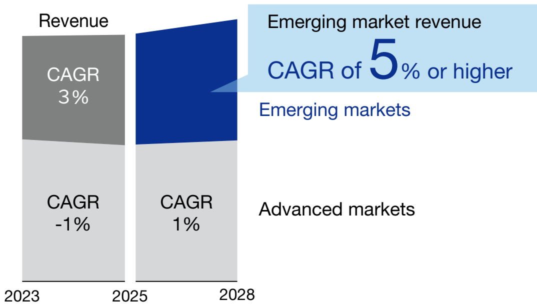
Deep customer understanding held by our regional sales companies is a source of Epson's competitiveness. As a shared initiative, we are working to create new customer touchpoints and build businesses originating in digital technologies. By leveraging data obtained at customer touchpoints and linking all functions, including sales, service, and development, we will maintain ongoing relationships with customers, making every sale the beginning of a relationship, not the end. We will also visualize usage conditions and issues after product adoption to continuously provide proposals and services closely aligned with the customer experience. This approach to brand loyalty will lead to the expansion of recurring business for services, maintenance, software, apps, consumables, and subscriptions. As part of our customer-centric approach, our sales companies are taking a proactive role in identifying what solutions and services can best support customers' business growth and operational efficiency. Leveraging local external resources where appropriate and delivering optimal proposals tailored to customer needs will enable us to drive revenue growth. We have established a facilitation function for laterally deploying best practices and other initiatives, thereby expanding our integrated solutions business. In advanced markets, we will renew growth by further deepening our focus on vertical markets.

To strengthen customer touchpoints in education, government, hospitals, retail, and other fields where our products are used, we are establishing a new framework to support sales companies not only through conventional product-based support but also through sector-based support. By delivering value tailored to the issues of each vertical market, we will build long-term partnerships with customers.

In emerging markets, we classify countries into revenue-driving countries, countries with potential, and frontier countries, and execute targeted strategic investments under regional strategies informed by insights from sales companies. To better respond to specific local needs and accelerate growth by solving customer issues, we are establishing and strengthening local product planning functions and Regional Design Center (RDC).

To support these efforts, we are also transforming operations at our sales companies. Specifically, we are promoting the global rollout of IT assets held by individual companies and the integration of call center platforms to improve the quality of customer touchpoints. These measures are improving operational efficiency while maximizing the utilization of existing assets. By enhancing both the speed and quality of our service delivery, we will provide customers with a more responsive and consistent experience. At the same time, we will reduce fixed costs and transform our operating structure to generate additional resources for investment, supporting the next stage of growth.

■ Revenue targets under the Phase 1 Mid-Term Business Plan




■ Overview of sales strategy

| | |
|---|---|
| Emerging markets | • Execution of strategic investments tailored to regional characteristics |
| Advanced markets | • Execution of strategic initiatives for renewed growth |
| All markets | • Creation of revenue and profit by building businesses grounded in customer touchpoints<br>• Expansion of solution business<br>• Driving efficiency and maximizing existing assets across sales companies |

## Business Across Borders

**Yoshida** Epson has built a finely tuned global sales network tailored to each region. But as our sales companies have grown, global-level issues have emerged—duplicated processes and systems among them. Strengthening customer relationships also requires moving beyond product sales toward solution proposals and service delivery. To address these challenges, we have appointed Keith as Deputy Head of the Sales Division to advance structural reforms and promote DX initiatives across our sales companies.

**Kratzberg** My mission is to help each sales company achieve higher growth and profitability. There are three key areas to address.

First is transforming operations: sharing assets, optimizing globally, and simplifying processes so each company can move with greater speed and agility.

**Yoshida** Epson America, Inc. was Epson's first overseas sales company. By leveraging its advanced platforms and resources, we expect to accelerate the integration of infrastructure across sales companies and improve the speed of implementation.

**Kratzberg** That leads to the second area—accelerating DX and IT. By maximizing each sales company's existing IT assets, we can deliver faster service to customers. What I've observed in the U.S. is a clear shift in customer expectations: from "products" to "outcomes." Sales companies must propose solutions that address customers' specific challenges, not just sell hardware.

**Yoshida** Reforming our sales companies is not just about efficiency. Expanding the value we deliver to customers—through new businesses and cross-solution initiatives—is equally important.

**Kratzberg** Exactly—and that is the third area: new businesses and cross-solution initiatives. The Epson brand reflects real trust earned from customers, but their expectations reach beyond our current portfolio. We will not be constrained by our own hardware; we will deliver the true value and services customers seek.

**Yoshida** The structural reform of our sales companies is not merely about improving efficiency; it is an initiative to transform Epson's growth model itself. Let us build a solid foundation in Phase 1 and connect it to our next stage of growth.

(Left)
Keith Kratzberg
Epson America, Inc. President
Deputy General Administrative Manager, Sales & Marketing Division
(Right)
Junkichi Yoshida
President and Representative Director

# Regional Strategy

We aim to sustain medium- to long-term sales growth by strengthening sales in emerging markets. Beyond simply increasing advertising and promotional spending, we will also work with our sales companies to expand our organizational capabilities, talent base, and partner network from a long-term perspective and to strengthen our product planning for emerging countries.

**Responsible for India**

Samba Moorthy
Managing Director
Epson India Pvt. Ltd.

India is a market with high growth potential, driven by economic growth and rising purchasing power. In response to the "Make in India" initiative, we will aim for sustainable trust and growth, including in services.

**Responsible for China**

Kyosuke Ishibashi
President
Epson (China) Co., Ltd.

Going beyond existing sales expansion strategies, we will contribute to the Group's overall regional strategy by rolling out China-originated solutions in emerging countries and generating new product planning initiatives.

**Responsible for the Americas**

Keith Kratzberg
President
Epson America, Inc.

In South America, we are aiming for sales growth and value creation through multifaceted market penetration strategies, including stronger collaboration with sales partners.

**Responsible for the Southeast Asia**

Siew Jin Kiat
Managing Director
Epson Singapore Pte. Ltd.

This region has high growth potential, driven by the expansion of the middle class. Taking our possession of a production site as a growth opportunity, we will respond to localization requirements and expand our investment in Vietnam sales.

• Main sales/service subsidiaries and affiliates (As of Mar 31, 2026)

**Responsible for the Middle East, Africa, and Central Asia**

Neil Colquhoun
President
Epson Middle East FZCO

We will focus on the African education market, where rapid growth in the education technology market is expected alongside a sharp increase in the young population. We will also accelerate efforts to expand our footprint and increase brand awareness in the Middle East.

Global Network
https://corporate.epson/en/about/network/global.html

## Strengthening sales in emerging markets

### Building a structure to roll out China-originated new services and products to the world

China continues to be an important market that drives Seiko Epson's sales. To accurately capture increasingly sophisticated and advanced customer needs, we are building and strengthening local product planning and RDC functions. Our development and implementation of proprietary AI-enabled educational software is already under way. We are also exploring the possibility of rolling it out worldwide.

Members at Epson (China) Co., Ltd. engaged in printer-related sales, solutions, and engineer services

### Developing market potential by increasing brand awareness and expanding our footprint

Members of executive management who lead sales strategy at Epson Middle East FZCO (Dubai)

We position countries in the Africa and Middle East regions as potential growth drivers and are investing aggressively. In FY2024, we moved the regional office in Dubai to the direct oversight of our Head Office. While advancing the establishment and expansion of sales locations, we are also continuously strengthening sales activities, including increasing the number of sales staff and promoters, conducting initiatives to enhance brand awareness, and developing and expanding new dealerships.

We will give local senior management who best understand local needs decision-making authority, while strengthening global collaboration. In regions where Epson's brand strength can be leveraged, we will also provide the value that customers truly seek without excessive focus on our own hardware alone. Drawing on my experience in local markets, I will deliver Epson's value to customers worldwide with fast decision-making and flexible action.

Akihiro Fukaishi
Director, Executive Officer
General Administrative Manager, Sales & Marketing Division
Chief Operating Officer, P Commercial & Industrial Solutions Operations Division

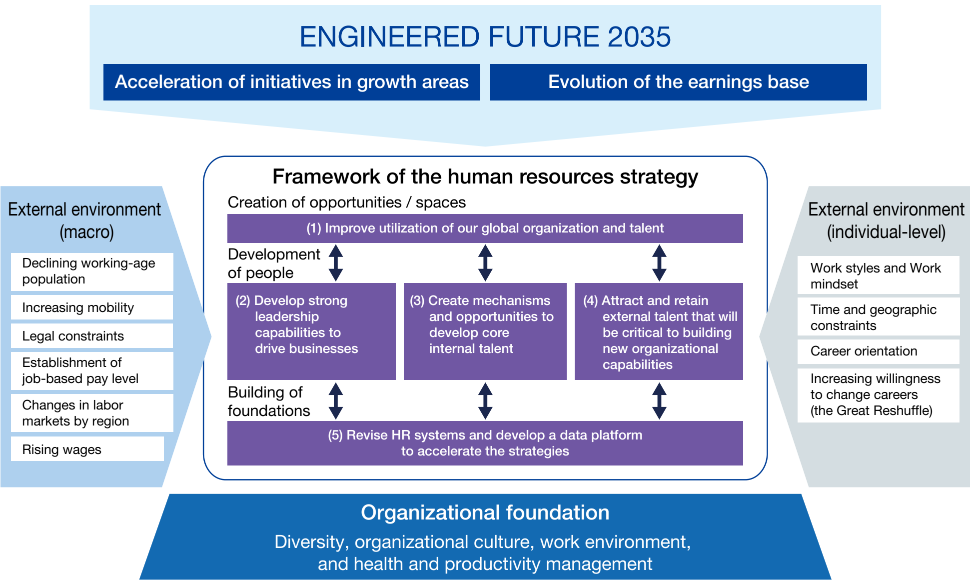
# Transformation of Our Earnings Base | Human Capital and Organization

Under our organizational and human resources strategy for realizing ENGINEERED FUTURE 2035, we anticipate a future shift from a uniform structure of operations divisions to a global group of organizations of varied types aligned with our business model. The key will be to train and secure leaders who can formulate strategies amid uncertainty and execute them under resource constraints. Equally important is the cultivation of engineering talent and the fostering of an engineering mindset on a global level. Building on a technology foundation and guided by a hands-on, field-oriented approach, we aim to nurture professionals who can continuously refine technologies, translate them into practical solutions, and implement them in ways that create tangible value for society.

Epson has long focused on attracting diverse talent while supporting the career development and growth of its existing employees. At the same time, we have prioritized the deployment of talent to growth areas and the establishment of optimal organizational structures from a global perspective.We have also worked to enhance employee engagement, energize the organization, and maximize teamwork by fostering an inclusive organizational culture that enables diverse talent to thrive, creating supportive working environments, promoting shared values across the Group, and advancing health and well-being initiatives. Building on these initiatives, initiatives in Phase 1, we will focus on the following five strategies.

(1) Improve utilization of our global organization and talent
(2) Develop strong leadership capabilities to drive businesses
(3) Create mechanisms and opportunities to develop core internal talent
(4) Attract and retain external talent that will be critical to building new organizational capabilities
(5) Revise HR systems and develop a data platform to accelerate the strategies

■ Framework for human resources strategy based on our long-term vision

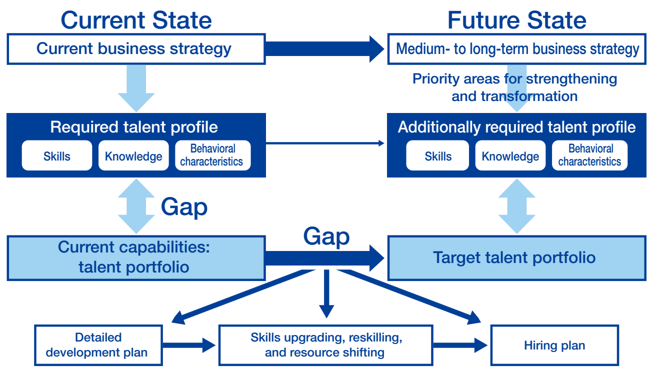



## Target Talent Profile

To execute its management strategy and achieve its business objectives, Epson emphasizes the importance of developing and empowering people who share the company's strategic direction and values, possess a broad perspective and deep expertise, and can act proactively and independently in a rapidly changing business environment to contribute to the creation of value for customers and society. Leveraging our efficient, compact and precise technologies and philosophy, as described in ENGINEERED FUTURE 2035, and with a commitment to supporting social and industrial transformation through technology and engineering, we require people who think from a field-oriented approach and a grounding in technology, and translate refined technologies into practical solutions that benefit society. We also seek individuals who can collaborate across regional, business, and functional lines, take an enterprise-wide perspective, and lead initiatives from conception through execution to drive business growth and transformation and deliver results on the ground.

Under its previous medium-term HR strategy, Epson defined its talent requirements based on skills and behavioral characteristics. It developed a talent portfolio aimed at better visualizing its talent in alignment with management strategy. Building on this foundation, Epson is organizing an overall picture of the quantity, quality, and timing of talent needed to formulate and execute business strategies and develop new business models. After clarifying talent gaps from both quantitative and qualitative perspectives. we are taking steps from a global perspective to develop and reskill internal talent, reallocate resources, recruit external talent, and create succession plans.

■ Talent portfolio initiatives




Through these efforts, we aim to optimize the workforce across the Group to facilitate the execution of our strategies. By using the talent portfolio as a basis for dialogue between managers and employees, we seek to foster an environment that encourages employees to take ownership of their learning and development, thereby supporting continuous growth and career advancement.

Epson considers human resources to be the cornerstone for realizing our long-term vision ENGINEERED FUTURE 2035. Building on our efforts to attract and develop diverse talent and establish a solid global organization, we will continue to develop leaders who can formulate and execute strategies amid uncertainty, strengthen our engineering capabilities, and further solidify our global talent. At the same time, we will continue to foster an environment in which all employees can maximize their potential and, through Health Action 2030, support employees in taking ownership of their health and well-being. By advancing these initiatives in an integrated manner, we will realize the sustainable creation of corporate value.

**Yosuke Takakura**
Executive officer
General Administrative Manager, Human Capital & Well-Being Management Division

## Our Human Resources Strategy

Epson is executing a five-point human resources strategy to better enable it to execute its strategies and to lay the foundation for achieving ENGINEERED FUTURE 2035. In close alignment with business strategy, we will optimize talent allocation and agilely deploy our workforce. At the same time, we will strengthen internal talent development, attract and retain highly skilled external talent, and improve our performance, compensation, and talent data platforms. By integrating these initiatives, we seek to create sustainable value in a rapidly changing operating environment.
Each strategy is explained, with reference to the “Framework for human resources strategy based on our long-term vision” diagram on page 23.

### (1) Improve utilization of our global organization and talent

To deliver products that have value, Epson has long focused on developing global talent capable of effectively and efficiently managing its globally distributed value chain. These individuals possess broad knowledge and experience across a wide range of functions located around the world, are able to coordinate across organizational boundaries from an enterprise-wide perspective, and can make quick, accurate decisions on the ground.
Under ENGINEERED FUTURE 2035, the importance of strategic talent management across the entire group is increasing. In response, we will develop our ability to leverage talent from a global perspective. Specifically, to promote collaboration across businesses and regions and to advance integrated solutions, we creating a framework under which talent is assigned to specific strategic themes, with clear accountability and defined roles that are linked to evaluation and rewards. Through a trial introduction of this global assignment system, we will gradually expand cross-group talent deployment, align placements and compensation with expected global responsibilities globally expected roles, and enhance our ability to execute business strategy.

### (2) Develop strong leadership capabilities to drive businesses

At Epson, each organization conducts an annual review of its personnel formulates succession planning for key positions, including management roles. Epson also identifies candidates for future executive management and management positions, as well as global talent, and creates plans for their development.
At the same time, we recognize that these efforts have largely centered on talent management by individual organizations, and that there is further room to enhance company-wide, cross-organizational, panoramic understanding of talent as well as its strategic utilization by executive management.
Accordingly, we have established a system in which top management leads ongoing, company-wide discussions on key talent management issues focused primarily on personnel in middle and senior management roles. Through this approach, we aim to more consistently evaluate and implement rotations, promotions, assignments, organizational reviews, and other measures in alignemnt with organizational issues and business strategies.
For key positions such aschief operating officers and general administrative managers, we will link planned talent development and placement to succession. Toward that end, we will promote development through challenging assignments and opportunities for gaining management experience. We also will be reviewing existing leader development programs to enhance the practicality of their content.

### (3) Create mechanisms and opportunities to develop core internal talent

At Epson, employee development is provided primarily through on-the-job training (OJT), complemented by structured off-the-job training (OFF-JT), including level-based programs and specialized professional education. While continuing this type of training, we are also reexamining our approach to workforce development in support of ENGINEERED FUTURE 2035. The goal is to lay a foundation that supports the ongoing development of talented people, turning them in ready contributors. Epson has continued to attract diverse talent and support the career development and growth of its employees. Going forward, we will expand mechanisms to provide necessary training on an ongoing basis to the personnel who need it. Together with this, we will strengthen the expertise of engineering talent and expand areas in which they can contribute, enabling more agile deployment of talent across organizational and regional boundaries where they can create the greatest value. In doing so, we aim to enhance the ability of our engineers and other specialized professionals to share knowledge and translate it into value creation. Through these efforts, we will strengthen our internal talent base, building a workforce that combines deep expertise with a strong engineering mindset and is capable of adapting effectively to change.

### (4) Attract and retain external talent that will be critical to building new organizational capabilities

As Epson’s businesses become increasingly sophisticated and specialized, attracting and retaining managers and skilled professionals from outside the company has become a key priority. In particular, as we expand into new businesses and growth areas, we recognize that the agile incorporation of expertise and experience that cannot be fully developed within our existing organization and workforce is essential to strengthening our competitiveness.
Accordingly, in addition to the conventional practice of mass-hiring new graduates, we are strategically examining ways to structure recruitment for the timely acquisition of external talent with advanced expertise in line with business needs. In addition, to enable new hires to quickly demonstrate value, we are enhancing onboarding and working to create an environment in which specialized talent can smoothly adapt to organizations and businesses.

### (5) Revise HR systems and develop a data platform to accelerate the strategies

Epson believes that, in addition to the acquisition and retention of specialized talent, evaluation and compensation mechanisms that appropriately reflect market conditions and individual contributions are essential to encouraging all employees to fully demonstrate their expertise. Accordingly, we are transitioning to an evaluation and compensation system that recognizes the value of expertise and the roles assumed, and encourages commitment to results. This will make it easier to compensate engineering talent for the value they deliver, while also strengthening our ability to attract and retain specialized talent.
Epson regards the use of human capital data as an important means for achieving long-term growth and strengthening the execution of management strategies. Our Group possesses a wide range of talent-related data, both structured and unstructured. To utilize this data in an integrated manner, we are working to consolidate human resources information into an integrated database for internal use. By advancing this human resources data infrastructure and building a talent portfolio, we intend to enhance the reproducibility and effectiveness of human capital management and sustainably create corporate value even in a changing business environment.